EXPENDITURE BUDGET 2013-2014

Message from the Chair of the Conseil du trésor
and Additional Information

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Québec

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Conseil du trésor
Québec

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MESSAGE FROM THE CHAIR OF THE CONSEIL DU TRÉSOR

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INTRODUCTION

Our Government's first Expenditure Budget represents the cornerstone of its strategy to re-establish a balanced budget. It paints a clear picture of the rigorous approach proposed for managing the resources available to us. Swift action is needed in order to remedy the current budget situation and restore the necessary discipline for managing public funds.

We are faced with a $1.1 billion budget impasse for 2012-2013 expenditures that must be dealt with. The outlook for subsequent years is equally grim. This is the result of uncontrolled spending in recent months.

Given this context, and in keeping with our Government's priorities, the 2013-2014 Expenditure Budget targets the following objectives:

- *Resolve the budget impasse while protecting public services;*
- *Re-establish disciplined management of public expenditures and investments in public infrastructures;*
- *Combat corruption in the awarding of contracts to restore confidence in public institutions.*

All departments and budget-funded agencies will be required to demonstrate diligence and maintain strict adherence to their assigned spending targets. Extrabudgetary agencies and special funds will also be called on to find more cost-effective ways to operate. Together, they must produce a reduction in spending totalling $200 million for 2013-2014.

In addition, investments in infrastructure have contributed significantly to the debt. The resulting debt service has had a considerable impact on government expenditures. Between March 31, 2003 and March 31, 2012, the debt increased by $54 billion, with investments in infrastructure accounting for over half of this. Our Government has identified major defects in the way infrastructure projects have been managed and noted cost revisions for a number of projects since they were registered under the Québec Infrastructure Plan (QIP).

This being the case, I asked Infrastructure Québec to commission a private firm to perform an impartial analysis of the situation. The findings are serious and have prompted our Government to propose a major review of the way investments are planned and managed and of contract practices. The Government will also try to strike a fairer balance between the need for infrastructure maintenance and renewal and the capacity of Québec taxpayers to pay for it.

The first step towards controlling costs is an all-out offensive against corruption. We must promote good practices and integrity in business dealings with the Government. This is why, within weeks of taking power, the Government tabled Bill 1 on integrity in public contracts.

A CHALLENGING BUDGET SITUATION

The former government left behind an expenditure gap of $1.1 billion for the 2012-2013 fiscal year. Furthermore, this same government did not keep to the budget targets it set when it tabled its expenditure budgets. Consequently, growth in the public accounts was consistently higher than initially forecast in the expenditure budgets. The gap observed over the past five years averages over $1 billion.

Announced and Recorded Growth of Program Expenditures since 2007-2008[1]
(millions of dollars)

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	Average
Growth Announced in the Expenditure Budgets	2,033.2	2,312.5	2,589.1	1,792.1	1,465.0	2,038.4
Growth Recorded in Public Accounts	3,057.2	3,914.9	4,179.2	2,668.8	1,683.8	3,100.8
Gap	1,024.0	1,602.4	1,590.1	876.7	218.8	1,062.4

[1] Compared with the previous year's probable expenditure.

The present budget situation is the result of careless monitoring of expenditures during the past months coupled with the previous government's inability to carry out many of the measures laid out in its plan to restore budget balance. For example:

- *The recurring target of $200 million to result from measures set out in the Stratégie de transformation et d'optimisation des ressources informationnelles (STORI) shows a much lower rationalization potential for both 2012-2013 and 2013-2014 fiscal years;*
- *The plan promised by the former government to optimize governance of the education networks, and that should have resulted from the assessment of structures and processes begun in 2010-2011, has not yet been tabled;*
- *The plan to combine and specialize health laboratories at the regional level, which was expected to generate savings of $50 million in 2012-2013, is considerably behind schedule because the logistical constraints of implementing it are much greater than expected.*

Poor management of infrastructure investments

The significant rise in infrastructure investments since 2007 also has a major effect on spending levels since the departments have to allocate ever increasing portions of their budgets to service debt. Furthermore, cost revisions averaging 78% have been noted for 18 strategic projects for Québec. All of the projects over $40 million registered under the 2011-2016 QIP and appearing in at least one former QIP show average increases of 56%.

In autumn 2011, the Auditor General sounded the alarm, reporting that the audits carried out since 2004 had revealed many discrepancies in the management of real-estate or public infrastructure projects, which led to serious risks of cost overruns.

MEETING SPENDING TARGETS AND RESTORING BUDGET BALANCE AS OF 2013-2014

1. *LIMIT SPENDING GROWTH TO 1.8% IN 2013-2014*

Despite a more difficult budget and economic situation than we expected, our Government is maintaining the spending targets set out in the last budget for 2012-2013 and 2013-2014. Program spending increases will thus be limited to 1.9% in 2012-2013 and should reach a total of $62,642 million. In 2013-2014, expenditures will be limited to $63,791 million, an increase of 1.8% over the probable expenditure of the previous year. This is the lowest growth rate in the past fourteen years and clearly presents a major challenge for all departments and agencies.

The 2013-2014 Expenditure Budget represents the cornerstone of the strategy to restore budget balance. It provides the Government with the means to gain control over public spending and quickly tackle the problem of its sizeable debt.

2. PRIORITY TO HEALTH, EDUCATION AND FAMILIES

The Government intends to allocate a large part of the increase in expenditures to Health, Education and Families.

Breakdown of Program Spending Growth 2013-2014
(millions of dollars)

	Expenditure Budget	Probable Expenditure	Variation	
	2013-2014	2012-2013	$ million	%
Santé et Services sociaux	31,258.3	30,219.2	1,039.1	3.4[1]
Éducation, Loisir et Sport	10,205.4	10,022.5	182.9	1.8
Enseignement supérieur, Recherche, Science et Technologie	6,337.0	6,215.3	121.7	2.0
Famille	2,474.4	2,397.1	77.3	3.2
Other portfolios	13,815.9	13,937.9	(122.0)	(0.9)
Savings to be Achieved by Subsidized Consolidated Entities[2]	(100.0)	-	(100.0)	-
Anticipated Lapsed Appropriations	(200.0)	(150.0)	(50.0)	-
Total	**63,791.0**	**62,642.0**	**1,149.0**	**1.8**

[1] If expenditures funded by FINESSS are included, the growth rate rises to 4.8%.

[2] Equivalent efforts are expected from non-subsidized consolidated entities.

4.8% increase in the budget for Health and Social Services, including the contribution from FINESSS

The Health and Social Services sector has a budget of $31,258 million for 2013-2014, to which will be added the $1,449-million contribution from the Fund to Finance Health and Social Services Institutions (FINESSS), which corresponds to a growth of 4.8% over the 2012-2013 probable expenditure.

There will be additional leeway resulting from revisions to expenditures for prescription drug insurance, including the abolition of the rule that new drugs are to be reimbursed at full price for 15 years after they are registered on the list. This will fund the increasing costs of the system and initiatives resulting from our Government's priority, which is to make rapid access to front-line services easier.

1.8% increase in the budget for Education, Recreation and Sport and a 2.0% increase in the budget for Higher Education, Research, Science and Technology

The budget allocated to Education, Recreation and Sport in 2013-2014 is $10,205 million, an increase of $183 million, or 1.8%, compared to the 2012-2013 probable expenditure. Another $76 million will be transferred over the year from the provision of the Ministère de l'Immigration et des Communautés culturelles for integration and francization of immigrants. Including this amount, the increase totals $259 million, or 2.6%. This will fund improvements to the quality of services and increases to system costs.

The growth rate also takes into account a $150 million reduction resulting from the realignment of the education equalization program announced by the Minister of Finance and the Economy. This program review will re-establish its objective of fiscal equality and confer more decisional powers and accountability to school commissioners. School boards whose equalization subsidies are reduced should normally be able to likewise reduce the portions of their expenditures that do not affect student services.

The budget allocated to Higher Education, Research, Science and Technology will amount to $6,337 million, an increase of 2.0% over the 2012-2013 probable expenditure. The Higher Education component will increase by 2.7%. The Research, Science and Technology component will decrease by 11.0% because the Québec Research and Innovation Strategy (SQRI 2010-2013) is coming to an end. However, the Department has a budget to cover the transition between the end of the SQRI 2010-2013 and the implementation of the new National Policy on Research and Innovation.

The combined budget for the Education, Recreation, Sport and Higher Education sectors will amount to $16,232 million, up 2.2% from the 2012-2013 probable expenditure.

3.2% increase in the budget for Families

In 2013-2014, the budget for Families will amount to $2,474 million, an increase of 3.2% over the 2012-2013 probable expenditure. It will be used to fund the increased places needed to complete the development of the childcare network within the next four years.

Overall reduction of 0.9% in the budgets of other portfolios

The budget of other portfolios is reduced by $122 million across the board in 2013-2014. This is a 0.9% decrease from the 2012-2013 probable expenditure. However, some sectors have seen an increase, including Culture, which rose by 2.1%.

DEVELOPMENTAL STEPS TOWARDS BETTER MANAGEMENT OF PUBLIC RESOURCES

1. *IMPROVING MANAGEMENT OF INFRASTRUCTURE PROJECTS*

Improving the planning and management of infrastructure projects

Thorough planning and good management of infrastructure investments are indispensible tools, particularly when considering their impact on government debt and expenditures. However, serious defects have been found in the planning and management of infrastructure projects, which translates into significant cost revisions on several strategic projects. In response to this, I asked Infrastructure Québec to commission a private firm to provide an impartial analysis of the problem.

The firm SECOR-KPMG audited certain critical projects and analyzed the methods employed by the previous government to plan and manage infrastructure investments. The report from SECOR-KPMG, recently made available to the public, confirms that there are serious defects in project planning and management. Among them are:

- *Lack of a comprehensive, long-term vision for developing infrastructure projects;*
- *Limited analytical capacity and lack of expertise in managing project portfolios;*
- *Insufficient planning of projects, thereby precluding informed choices;*
- *Poor use of available resources;*
- *Absence of a rigorous management framework for smaller projects;*
- *Inadequate contract management.*

These are serious findings and they confirm the importance of responding rapidly to remedy the situation. Consequently, the Government is presenting an immediate action plan to restore diligence and implement model practices for managing infrastructure projects.

2. COMBAT CORRUPTION

Combating corruption is our Government's main priority. It will not be moved on this issue, and intends to do whatever is necessary to protect public funds from dishonest practices. The Government plans to send a clear message to enterprises that honesty pays in Québec.

A bill on integrity in public contracts was recently tabled to address this issue. The bill provides that any enterprise wishing to contract with a public agency, government corporation or municipality must show that it and its directors are honest and deserving of public trust.

In addition to excluding anyone who has been convicted of specific offenses, the bill also refers to other elements for ascertaining whether the public trust is diminished due to an enterprise's lack of integrity, particularly when it has conducted its affairs in a reprehensible manner. The Autorité des marchés financiers will be responsible for issuing contract authorizations to any enterprise wishing to do business with the government. The authorizations will be valid for three years and can be withdrawn at any time if the enterprise no longer meet the issuance criteria.

By allowing only enterprises deemed to have integrity to bid for public contracts, these measures will help re-establish healthy competition and reinforce the efficiency and effectiveness of the contract process, thereby ensuring better use of public funds.

3. REVIEW GUIDELINES FOR INFORMATION TECHNOLOGY RESOURCES

A government's IT resources should play a major role in increasing the performance of its public administration. Significant amounts have therefore been earmarked for IT resources within the departments, agencies and networks. These amounts total in the neighbourhood of $2.5 billion annually.

Over the past years the Auditor General has pointed out major flaws in this area, particularly where it concerns the assessment of project requirements and costs, the governance by the central organizations, their ability to analyze and process information, and strategies that touch on the labour force in this field. At present, 11 projects, worth $701 million, have been identified as needing close monitoring by the Secrétariat du Conseil du trésor. The Government has asked for a complete report on the situation, following which It will take appropriate corrective action to remedy matters.

4. *ENHANCE THE PERFORMANCE OF PUBLIC ADMINISTRATION*

Government's performance is measured by the quality of its public administration. Public servants have to perform their duties effectively and efficiently, continually seeking to revitalize and improve the way things are done. This is particularly important against the current economic and budget backdrop, which requires them to do more with fewer resources. The Government plans to put forward concrete measures to provide Quebecers with better quality services, at a better cost, throughout all of Québec.

The Government will begin by reinforcing the use of program assessments, which are a powerful agent for change. The current guidelines date back to 2002. Under these guidelines assessments are decentralized in the departments and agencies. This situation, although it makes administrative leaders accountable, produces information that does not necessarily meet the government's needs, especially those of the Conseil du trésor.

In order to strike a fair balance between accountability of public administrations and the Government's requirements for information, program assessment guidelines will be reviewed over the coming year. The Secrétariat du Conseil du trésor will also quickly conclude the work it has undertaken to roll out a tool for assessing programs within the government system.

CONCLUSION

Through its actions, our Government intends to enforce stricter control over its public funds. It has already begun to tackle the problem of corruption with the tabling of a bill on integrity in public contracts. This bill is an important step in restoring faith in the public administration and lowering contract costs.

All the departments and budget-funded agencies will support the budgetary effort by adhering strictly to their assigned expenditure targets. Extrabudgetary agencies are also being called on to do their part to eliminate the budget deficit. Our Government has a clear and realistic vision. It will apply the necessary diligence in order to surmount the budget impasse and restore a balanced budget as of 2013-2014.

The measures taken to date and the Government's proposed action plan are necessary in the present economic and budgetary context. They represent our commitment to fostering economic prosperity in Québec by re-establishing budgetary discipline. It is our Government's intention to exercise sustainable control over expenditure increases and the debt. We invite all members of society to join in the effort.

STÉPHANE BÉDARD

ADDITIONAL INFORMATION

2012-2013 BUDGET EXPENDITURES AND THE 2013-2014 EXPENDITURE BUDGET

1. 2012-2013 BUDGET EXPENDITURES

Government budget expenditures amount to $70,558.7 million for the 2012-2013 fiscal year. Program expenditures are $62,642.0 million, at the same level as forecast in the 2012-2013 Expenditure Budget last March. The debt service amounts to $7,916.7 million, down $320.3 million from the forecast last March.

Evolution of the 2012-2013 Expenditure Budget
(millions of dollars)

	Program Spending	Debt Service	Budget Expenditures
2012-2013 Expenditure Budget	**62,642.0**	**8,237.0**	**70,879.0**
Variation	-	(320.3)	(320.3)
2012-2013 Probable Expenditure	**62,642.0**	**7,916.7**	**70,558.7**

1.1 MEASURES TO MEET THE PROGRAM SPENDING OBJECTIVES IN 2012-2013

As part of the autumn budget follow-up, the departments reported overruns of $1,083.0 million, including $159.0 million in risk.

A significant part of the overruns is attributable to the Ministère de la Santé et des Services sociaux, in particular for the additional costs of drug insurance and expenditures resulting from negotiations with intermediary and family-type resources. The rest breaks down as follows among the other portfolios:

- $83.0 million in relation to the general elections on September 4, 2012;
- $50.0 million as a result of the student conflict;
- $62.0 million to the Ministère de la Justice as a result of negotiations with different members of the legal family (jurists, managers, criminal and penal prosecutors, chief prosecutors).

All the departments were asked to make an effort to meet the 2012-2013 spending objectives. The Conseil du trésor ordered a $341.0 million suspension of appropriations. As a result, the appropriations available for the departments went down by the same amount. The departments also looked for savings within the budgets they had been allocated at the start of the fiscal year in order to cut down part of the overruns amounting to $433.0 million. In addition, the Conseil du trésor also asked the departments to manage their risk in the amount of $159.0 million.

Lapsed year-end appropriations amounting to $150.0 million have been anticipated as of now. That amount corresponds to the usual amount of lapsed appropriations at the end of a fiscal year. The Secrétariat du Conseil du trésor will monitor program spending strictly in order to make sure all anticipated lapsed appropriations are achieved. The Conseil du trésor will do whatever is necessary to meet the spending objectives for the 2012-2013 fiscal year.

1.2 EVOLUTION OF THE GOVERNMENT'S 2012-2013 BUDGET EXPENDITURES

Program spending will rise by 1.9% to $62,642.0 million in 2012-2013, compared to $61,502.8 million in 2011-2012.

Debt service amounts to $7,916.7 million, which is an increase of $569.1 million or 7.7% over 2011-2012.

Government budget expenditures for the 2012-2013 fiscal year therefore amount to $70,558.7 million, an increase of $1,708.3 million or 2.5% compared to the previous fiscal year.

2012-2013 Budget Expenditures
(millions of dollars)

	2012-2013	2011-2012	Variation	
			$ million	%
Program Spending	62,642.0	61,502.8	1,139.2	1.9
Debt Service	7,916.7	7,347.6	569.1	7.7
Budget Expenditures	**70,558.7**	**68,850.4**	**1,708.3**	**2.5**

2. 2013-2014 EXPENDITURE BUDGET

In the 2012-2013 Budget Speech, the Government budgeted $63,751.0 million for program spending for the 2013-2014 fiscal year. These expenditures have been revised upward to $63,791.0 million. The $40-million increase will finance the transition between the end of the 2010-2013 Québec Research and Innovation Strategy (SQRI 2010-2013) and the implementation of the new National Policy on Research and Innovation announced by the Premier on October 31, 2012, in the inaugural speech at the opening of the 40th legislature of the National Assembly.

Program spending will be up by 1.8% or $1,149.0 million over the 2012-2013 fiscal year. That means the government is holding to the growth rate forecast in the 2012-2013 budget for the 2013-2014 fiscal year.

Debt service amounting to $8,600.8 million will increase by $684.1 million in relation to 2012-2013. The increase is due to the forecast increase in interest rates, an increase in the debt and the impact of the performance of the Caisse de dépôt et placement du Québec on the revenues of the Retirement Plan Sinking Fund (witch are recorded as deductions of interest on liabilities with regard to retirement plans).

In total, the government budget expenditures for the 2013-2014 fiscal year show a 2.6% growth over those of 2012-2013 and amount to $72,391.8 million.

Evolution in Budget Expenditures
(millions of dollars)

	2013-2014	2012-2013	Variation	
			$ million	%
Program Spending	63,791.0	62,642.0	1,149.0	1.8
Debt Service	8,600.8	7,916.7	684.1	8.6
Budget Expenditures	**72,391.8**	**70,558.7**	**1,833.1**	**2.6**

2.1 MEASURES TO MEET THE PROGRAM SPENDING OBJECTIVES IN 2013-2014

Achieving a balanced budget as of 2013-2014 will take significant efforts by the departments and agencies to bring structural spending growth into line with the government's budget capacity.

Cost-cutting measures have been introduced in relation to expenditures in order to meet the spending objectives, among them:

- Departments will fund the 1.75% salary indexation that starts on April 1, 2013 and the impact of higher salaries on their own. The health, education and higher education networks are not subject to this measure, however;

- Some projects will be postponed or spread over future fiscal years, including measures announced in the Budget Speeches of March 2011 or 2012;

- The goal of saving $200 million has been set for the 2013-2014 fiscal year. At the beginning of the 2013-2014 fiscal year, the departments will receive their allocations in this regard.

In addition, specific measures for reducing expenditures have been determined:

- A revision of the drug insurance plan should generate savings of $336. These changes will include:
  - Abolition of the rule that new drugs be reimbursed at full price for the first 15 years after they are registered;
  - Revision of the way the prices of new drugs are indexed;
  - Revision of the markup wholesalers can charge for drugs;
  - Revision of the coverage of some medical supplies and drugs.
- A revision of the education equalization plan to make it fairer. This will lead to savings of $150 million for the 2013-2014 fiscal year;
- A revision of financial assistance for enterprises granted by the former Ministère du Développement économique, de l'Innovation et de l'Exportation. This should result in savings of $68 million.

Measures affecting extrabudgetary agencies and special funds are also planned:

- The consolidated entities have been set the goal of cutting $200 million, $100 million of which applies to extrabudgetary agencies and subsidized special funds.

  To that purpose, operating expenditures and remuneration of consolidated entities will be reduced by an average of 2% or by the amount determined by the Government.

  Between now and March 31, 2013, the Ministère des Finances et de l'Économie and the Secrétariat du Conseil du trésor will notify the heads of extrabudgetary agencies and special funds about how much they need to cut and how to go about it.

2.2 VARIATION IN PROGRAM SPENDING IN 2013-2014

Program spending increases by $1,149.0 million in 2013-2014, which is 1.8% over the 2012-2013 probable expenditure. The increase is allocated primarily to the four following portfolios:

- $1,039.1 million to the "Santé et Services sociaux" portfolio, an increase of 3.4%. If the expenditures funded by the Fund to Finance Health and Social Services Institutions (FINESSS) are included, the growth rate rises to 4.8%;
- $182.9 million to the "Éducation, Loisir et Sport" portfolio, an increase of 1.8%;

- $121.7 million to the "Enseignement supérieur, Recherche, Science et Technologie" portfolio, an increase of 2.0%;
- $77.3 million to the "Famille" portfolio, an increase of 3.2%.

Breakdown of program spending growth in 2013-2014
(millions of dollars)

	Expenditure Budget	Probable Expenditure	Variation	
	2013-2014	2012-2013	$ million	%
Santé et Services sociaux	31,258.3	30,219.2	1,039.1	3.4[1]
Éducation, Loisir et Sport	10,205.4	10,022.5	182.9	1.8
Enseignement supérieur, Recherche, Science et Technologie	6,337.0	6,215.3	121.7	2.0
Famille	2,474.4	2,397.1	77.3	3.2
Other portfolios	13,815.9	13,937.9	(122.0)	(0.9)
Savings to be Achieved by Subsidized Consolidated Entities	(100.0)	-	(100.0)	-
Anticipated Lapsed Appropriations	(200.0)	(150.0)	(50.0)	-
Total	**63,791.0**	**62,642.0**	**1,149.0**	**1.8**

[1] If expenditures funded by FINESSS are included, the growth rate rises to 4.8%.

SANTÉ ET SERVICES SOCIAUX

Expenditure budget increases by $1,039 million in 2013-2014

The growth allocated to the Ministère de la Santé et des Services sociaux is $1,039.1 million in 2013-2014, up 3.4% from 2012-2013. This growth will be used in particular for:

- Covering the specific system costs related to health, indexation of non-salary network expenditures and salaries for network staff;
- Funding planned salary increases for health professionals and cost increases in the drug insurance plan.

The growth of this portfolio also takes into account the anticipated savings of the plan to optimize the health and social services network, including streamlining administrative services, reducing the number of purchasing corporations by specializing their areas of expertise, savings in IT and improved efficiency in the way services are delivered. It also includes measures to reduce the costs of the drug insurance plan, as mentioned in section 2.1.

Added to the budget of the Ministère de la Santé et des Services sociaux are the expenditures funded by FINESSS, for which an amount of $1,449.0 million is forecast in 2013-2014. Taking these expenditures into account, the budget allocated to health and social services has grown by 4.8% in 2013-2014. FINESSS is used in particular to fund continuity and access to services, including those related to the investment plan for seniors, access plan for persons with intellectual or physical disabilities, and the deployment of family medicine groups as well as increased volumes of surgical services.

ÉDUCATION, LOISIR ET SPORT

Expenditure budget increases by $183 million in 2013-2014

Expenditures of the Ministère de l'Éducation, du Loisir et du Sport will increase by $182.9 million in 2013-2014, which is 1.8% over 2012-2013. This growth will be used in particular for:

- Funding the different growth factors of preschool, elementary and secondary education, especially wage parameters, clientele effects and the subsidized debt;
- Implementing intensive English teaching in Grade 6, School 2.0: Connected Classrooms, and the La culture du sport à l'école secondaire publique program;
- Upgrades to some programs in the recreation and sports sector, namely increased budgets for Placements Sports, the financial assistance program for community recreation centres and the Défi sportif AlterGo;
- Reducing class sizes in the first cycle of secondary schools, adding professional resources and enhancing services for students with disabilities, social maladjustments or learning difficulties.

In addition, another $75.8 million will be transferred over the year from the provision of the Ministère de l'Immigration et des Communautés culturelles for integration and francization of immigrants. Taking this amount – which will be added to the 2013-2014 Departement's budget – into account, the increase will be $258.7 million or 2.6%.

ENSEIGNEMENT SUPÉRIEUR, RECHERCHE, SCIENCE ET TECHNOLOGIE

Expenditure budget increases by $122 million in 2013-2014

Expenditures for the Ministère de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie increase by $121.7 million in 2013-2014, which is 2.0% over 2012-2013. This growth will be used in particular to maintain wage parameters, clientele effects and funding of research, and the subsidized debt.

The expenditure budget of the Higher Education component increases by $159.2 million, which is 2.7% over the 2012-2013 probable expenditure. The increase will be used to fund different growth factors of the network, including raising the number of students.

The budget for Research, Science and Innovation component totals $302.9 million. It is down $37.5 million, mainly due to the ending of the 2010-2013 Québec Research and Innovation Strategy. However, the Department does have funds to cover the transition until the new National Policy on Research and Innovation is implemented.

FAMILLE

Expenditure budget increases by $77 million in 2013-2014

The budget of the Ministère de la Famille is up by $77.3 million, an increase of 3.2% over the 2012-2013 probable expenditure. The variation is mainly attributable to the costs of creating new reduced-contribution childcare places in 2013-2014, costs of salary increases and other benefits negotiated in collective agreements for early-childhood teachers and those resulting from agreements with childcare providers.

OTHER DEPARTMENTS

Overall reduction of 0.9%

The main variations in other departments are:

- The budget of the **Ministère des Affaires municipales, des Régions et de l'Occupation du territoire** increases by $22.1 million or 1.4%. The variation is mainly due to increased costs related to reimbursement of debt service for infrastructure programs through planned investments in the Québec Infrastructure Plan, which is partially offset by a reduction in Québec's contribution to the Société d'habitation du Québec, taking into account the other sources of funding available to it;

- The budget of the **Ministère de l'Agriculture, des Pêcheries et de l'Alimentation** is down $5.3 million or 0.5%, mainly due to the net effect of increasing the budget allocated to adaptive measures under the Farm Income Stabilization Insurance program and a reduction of the need to reimburse the cumulated deficit of La Financière agricole du Québec prior to March 31, 2010, which the government assumed;

- The budget of the **National Assembly** is up by $0.4 million. This net variation is made up of an increase due primarily to indexation of salaries and operating expenses, partially offset by a reduction attributable to non-recurring expenditures in 2012-2013 for the general elections held on September 4, 2012;

- Not including the Contingency Fund, the budget of the **Conseil du trésor et de l'Administration gouvernementale** increases by $2.2 million. The variation is mainly due to implementation of the Act respecting the governance and management of the information resources of public bodies and government enterprises (R.S.Q. c. G-1.03) and the Stratégie de gestion des ressources humaines 2012-2017 and by financial support related to activities of the Commission d'enquête sur l'octroi et la gestion des contrats publics dans l'industrie de la construction. These increases are offset by cost-cutting measures, including those aimed at restoring budget balance in 2013-2014;

- The budget of the **Ministère du Conseil exécutif** is down by $27.3 million, mainly due to a revision of budget transfers in relation to the promotion and development of the Montreal region and Aboriginal Affairs;

- The budget of the **Ministère de la Culture et des Communications** is up by $12.9 million or 2.1%. The variation is mainly due to the increase in operating costs of the Maison symphonique de Montréal as provided in the public-private partnership agreement, and to an increase in the subsidized debt service, which is partially offset by several cost-saving measures;

- The budget of the **Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs** is up by $6.3 million or 2.4%. The increase is attributable to the resources allocated to the Department for upgrading public dams, to an increase for the ClimatSol program and to increased amounts for the debt service related to investments by the Société des établissements de plein air du Québec in parks and wildlife services;

- The budget allocated to the **Ministère de l'Emploi et de la Solidarité sociale** is down $121.3 million. The decrease is essentially due to an amount of $75.0 million received in 2012-2013 from the provision for carrying on activities supporting the integration and francization of immigrants, to which is added the expected effect of a decrease in the clientele of last-resort financial assistance programs and of economic measures aimed at restoring budget balance in 2013-2014. The decrease is partially offset by the impact of indexation on last-resort financial assistance benefits;

- Not including debt service, the 2013-2014 expenditure budget of the **Ministère des Finances et de l'Économie** amounts to $713.1 million, a decrease of $58.6 million from the 2012-2013 probable expenditure. The decrease is mainly due to a revision of financial assistance for enterprises – including government mandates – and a reevaluation of priorities with regard to revenue initiatives;

- The budget of the **Ministère de l'Immigration et des Communautés culturelles** is $133.9 million higher than the 2012-2013 probable expenditure. The increase is due to the fact that the 2012-2013 probable expenditure does not include amounts transferred to the Ministère de l'Éducation, du Loisir et du Sport, the Ministère de la Santé et des Services sociaux and the Ministère de l'Emploi et de la Solidarité sociale for activities to support the integration and francization of immigrants, although it does include amounts related to net voted appropriations. The increase is also due to the reduction of advertising expenses and by an increase in the budget of the Office québécois de la langue française aimed at rolling out new strategies and intensifying efforts to respond to complaints and find new ways of promoting the French face of downtown Montreal;

- The budget of the **Ministère de la Justice** is up $6.4 million. The increase is mainly due to additional costs resulting from the increased number of judges and related staff in the Court of Québec, real estate investments, particularly those for some courthouses, and the cost of adding staff for the Directeur des poursuites criminelles et pénales, as well as an increase in the eligibility thresholds for legal aid and improvement of working conditions for prosecutors, jurists and managers;

- The budget of **Persons Appointed by the National Assembly** decreases by $74.3 million, mainly due to the costs of holding general elections on September 4, 2012;

- The budget of the **Ministère des Relations internationales, de la Francophonie et du Commerce extérieur** is down by $19.7 million compared to the 2012-2013 probable expenditure. The decrease is due to a restructuring of Québec's immigration offices abroad, consolidating a network of three continental offices, as well as a repositioning of the export program and a reallocation of Departmental activities related to government orientations;

- The $114.9 million decrease in the budget of the **Ministère des Ressources naturelles** is due first of all to overestimates of $37.0 million in the 2012-2013 probable expenditures, especially for fighting forest fires and forestry work. $50.0 million of the decrease is also due to the five-year financing plan for the Forestry sector announced in the 2012-2013 Budget Speech, which forecasts reduced funding through budget appropriations since the amounts will be offset by equivalent revenues from license fees. The rest of the decrease is due to expenditures that will be assumed by the Territorial Information Fund and the Natural Resources Fund, and also to various other adjustments and cost-cutting measures;

- The budget of the **Ministère de la Sécurité publique** is up by $0.2 million. The increase is primarily due to operation of the integrated police radio-communications system, additional rents from real-estate projects and some salary and non-salary indexations, offset by implementation of cost-cutting measures aimed at restoring budget balance in 2013-2014;

- The 2013-2014 expenditure budget of the **Ministère des Transports** amounts to $709.0 million, down $10.4 million from the 2012 2013 probable expenditure. The decrease is due mainly to cost-cutting measures applied to administrative expenses and to a reduction of the amounts granted under assistance programs. The decreases are partially offset by increases in contributions to the Land Transportation Network Fund to fund mass transit organizations under the Société de financement des infrastructures locales du Québec program, in accordance with the new sharing of local infrastructure funding set up with the Ministère des Finances et de l'Économie in 2012-2013;

- The $0.4-million decrease in the budget of the **Ministère du Travail** is attributable to cost-cutting measures aimed at restoring budget balance in 2013-2014.

APPENDIX

Variation between the 2013-2014 Expenditure Budget and the 2012-2013 Probable Expenditure

(millions of dollars)

	Expenditure Budget 2013-2014	Probable Expenditure 2012-2013	Variation	
			$ million	%
National Assembly	119.5	119.1	0.4	0.4
Persons Appointed by the National Assembly	82.4	156.7	(74.3)	(47.4)
Affaires municipales, Régions et Occupation du territoire	1,567.7	1,545.6	22.1	1.4
Agriculture, Pêcheries et Alimentation	1,061.9	1,067.2	(5.3)	(0.5)
Conseil du trésor et Administration gouvernementale	954.5	826.5	128.0	0.3 [2]
Conseil exécutif	551.1	578.4	(27.3)	(4.7)
Culture et Communications[1]	631.0	618.1	12.9	2.1
Développement durable, Environnement, Faune et Parcs	273.1	266.8	6.3	2.4
Éducation, Loisir et Sport	10,205.4	10,022.5	182.9	1.8 [3]
Emploi et Solidarité sociale	4,225.2	4,346.5	(121.3)	(1.1) [4]
Enseignement supérieur, Recherche, Science et Technologie	6,337.0	6,215.3	121.7	2.0
Famille	2,474.4	2,397.1	77.3	3.2
Finances et Économie[1]	713.1	771.7	(58.6)	(7.6)
Immigration et Communautés culturelles	327.3	193.4	133.9	2.2 [5]
Justice	811.5	805.1	6.4	0.8
Relations internationales, Francophonie et Commerce extérieur	121.5	141.2	(19.7)	(14.0)
Ressources naturelles	405.1	520.0	(114.9)	(22.1)
Santé et Services sociaux	31,258.3	30,219.2	1,039.1	3.4 [5]
Sécurité publique	1,231.3	1,231.1	0.2	0.0
Transports	709.0	719.4	(10.4)	(1.4)
Travail	30.7	31.1	(0.4)	(1.4)
Savings to be Achieved by Subsidized Consolidated Entities	(100.0)	-	(100.0)	-
Anticipated Lapsed Appropriations	(200.0)	(150.0)	(50.0)	-
Program Spending	**63,791.0**	**62,642.0**	**1,149.0**	**1.8**
Debt Service	8,600.8	7,916.7	684.1	8.6
Budget Expenditures	**72,391.8**	**70,558.7**	**1,833.1**	**2.6**

Note : Figures are rounded, so the sum of the amounts recorded in respect of each portfolio may not correspond to the total. Program spending is presented in accordance with the 2013-2014 budget structure.

References

[1] For the purposes of this table, the debt service is not included in the expenditures of the "Finances et Économie" and "Culture et Communications" portfolios.

[2] The variation percentage was calculated without including the Contingency Fund program.

[3] Not including transfers from the provision for carrying on activities supporting the integration and francization of immigrants, the variation percentage would be 2.6%.

[4] The variation percentage was calculated without including the transfers from the provision for carrying on activities supporting the integration and francization of immigrants in the probable expenditure.

[5] The variation percentage was calculated without including the provision for carrying on activities supporting the integration and francization of immigrants in the 2013-2014 Expenditure Budget and without including the amounts related to net appropriations in the probable expenditure.

[6] Taking into account the expenditures funded by FINESSS, i.e. $1,449.0 million in the 2013-2014 Expenditure Budget and $998.0 million in the probable expenditure, the variation percentage would be 4.8%.

Note

With regard to references 2 to 6, a provision is a program item for which appropriations legislation gives the Conseil du trésor the power to authorize the transfer of part of an appropriation between programs or portfolios for the purposes of and, if applicable, under the terms set out in the volume **Estimates of the Departments and Agencies**.

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